HALF-YEAR REPORT **2019**

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01 LETTER TO SHAREHOLDERS

BITCOIN GROUP SE AT A GLANCE

BITCOIN GROUP SE KEY FIGURES

Increased growth momentum

		H1 2019	H1 2018
Number of customers		808,000	753,000
Bitcoin price	EUR	9,992	5,389
Bitcoin Cash price	EUR	374	632
Bitcoin Gold price	EUR	25	23
Bitcoin SV price	EUR	184	*
Ethereum price	EUR	263	380
Revenue	EUR thousand	2,455	8,348
Operating results	EUR thousand	4,228	4,874
Net finance costs	EUR thousand	- 20	-39
Earnings after taxes	EUR thousand	2,854	3,322
Earnings per share	EUR	0.57	0.66
Equity ratio		76.99 %	72.74 %

* No figures are available for the first half of 2018.

FOREWORD BY THE MANAGING DIRECTORS

Dear shareholders,

Bitcoin Group SE can look back on a successful first half of 2019 with figures that were in line with our expectations.

Bitcoin Group SE generated revenue of EUR 2,455 thousand in the reporting period after EUR 8,348 thousand in the first half of 2018. EBIT amounted to EUR 4,228 thousand compared with EUR 4,874 thousand in the previous year. In January and February 2018, the Group was still benefiting to an above-average extent from the media focus on cryptocurrencies in general and Bitcoin price performance in particular, whereas the start of 2019 saw stagnation in the price and hence also in the trading volume. Encouragingly, however, the cryptocurrency markets broke out of this pattern from the second quarter of 2019 and recorded a substantial upward trend.

Following a prolonged bear market, the Bitcoin price recovered sustainably from the turn of 2018/2019 onward. The price rose from EUR 3,257.05 at the end of 2018 to EUR 9,992.17 at the end of the first half of 2019, thereby almost trebling. This impressively underlines the fact that cryptocurrencies have established themselves at the heart of society and are developing into a veritable form of investment even though they remain subject to relatively pronounced fluctuation. In a macroeconomic environment characterized by uncertainty, investors are increasingly seeing Bitcoin, Ethereum and co. as safe havens. This is reflected in the relative performance of the prices of gold and Bitcoin. While the price of the precious metal increased by around 28% between September 2018 and September 2019, the Bitcoin price rose by 34% in the same period (in USD in both cases). This is hardly surprising. All of the main central banks, including the European Central Bank (ECB), the Bank of England (BoE) and the Bank of Japan (BoJ), are maintaining their policy of cheap money, with even the US Federal Reserve Bank (Fed) lowering its key interest rate. This has the result of weakening consumer confidence in the respective national currencies, whereas demand for gold and Bitcoin is rising thanks to their intrinsic protection against inflation. Like gold, Bitcoin is not infinitely renewable. These benefits are creating a growing number of advocates. Even the Governor of the Bank of England, Mark Carney, has now posited the creation of a new digital reserve currency as a competitor to the US dollar.

Bitcoin Group SE enjoyed encouraging development in this environment – a fact that can also be seen from the number of customers of Bitcoin.de. At the end of the first half of 2019 Bitcoin.de had 808,000 users compared with 779,000 at the end of fiscal 2018. In spring 2019, a representative study by the Blockchain Research Lab (BRL), an independent research institution for blockchain technology, showed that Bitcoin.de remains the favorite among German cryptocurrency users by a long distance: More than 62% of those surveyed already said that they trusted our marketplace. We are confident that we can attract additional customers to our platform in the course of the year. After the end of the reporting period, we launched the Bitcoin.de app for iOS devices in mid-August.

Users can now also access all the familiar services and features of the browser solution on their smartphones. As well as realizing one of the core projects we set out in our 2018 annual report, this serves to demonstrate our high degree of implementation expertise. The app will further increase the trading volume on Bitcoin.de and provide a reliable and contemporary mobile trading solution for our tech-savvy, online community. We are looking forward to offering customers a corresponding version for all Android-based smartphones by the end of fiscal 2019. Needless to say, the crypto-to-crypto trading we offered in April will also be available using the app and will be gradually expanded.

We are continuing to work passionately to diversify our business model in order to make ourselves less dependent on the price performance of individual cryptocurrencies. Our activities are focused on expanding Bitcoin.de toward becoming a cryptocurrency exchange. In this area, too, we put our money where our mouth is with the acquisition of futurum bank GmbH (formerly Tremmel Wertpapierhandelsbank GmbH) in late 2018. The transaction has since been approved by the German Federal Financial Supervisory Authority (BaFin). This means we now have the option to issue our own products in conjunction with cryptocurrencies, to trade in cryptocurrencies for our own account, and to operate ATMs for cryptocurrencies. In terms of issuing financial products, bearer bonds, exchange-traded funds (ETFs), savings products and index certificates are also feasible.

In light of the further expansion of our service portfolio and the continued growth in demand for cryptocurrencies, we remain optimistic for fiscal 2019 and are confirming our forecast. Actually, the management expects generating revenue in line with the successful second half of 2018. Also a positive EBITDA is expected. Due to the restrained trend of market participants to invest in cryptocurrencies at the beginning of 2019, together with a decline in media interest, the management of Bitcoin Group SE is expecting a slowdown in new customer acquisition and currently up to 850,000 registered users on Bitcoin.de by the end of fiscal 2019, thereby.

We would like to take this opportunity to thank you, our shareholders, for the trust you have placed in us, and we hope you will continue to accompany us.

Herford, September 2019

Marco Bodewein
Managing Director

Michael Nowak
Managing Director

BITCOIN GROUP SE ON THE CAPITAL MARKET

SHARE PRICE DEVELOPMENT

Bitcoin Group SE' shares performed well in the first half of 2019, rising by 138.5% as against the closing price for 2018.

The shares began trading for the year at a price of EUR 19.14 on January 2, 2019, and hit their high for the reporting period at EUR 46.90 on June 26. The price rose in the second quarter of 2019 in particular, on the wave of a marked and lasting recovery on the cryptocurrency markets. The shares reached their lowest point at EUR 15.25 on February 13. On the basis of 5,000,000 shares outstanding, the closing price of EUR 44 translates into market capitalization of EUR 220 million as of June 28, 2019 (all figures based on Xetra closing prices). As of the end of 2018 on December 28, the company's market value was EUR 92.3 million based on a closing price of EUR 18.45 per share for the same number of shares. The average daily trading volume of Bitcoin Group shares on all German stock exchanges was 60,884 in the reporting period as compared to 85,994 in the first half of 2018. The decline in trading results from weak demand on the cryptocurrency markets at the start of the year.

PRICE PERFORMANCE OF BITCOIN SHARES 2018/2019

INVESTOR RELATIONS

Investor Relations activities are built on a foundation of transparent and constructive dialog with all stakeholders of Bitcoin Group SE. This means that all shareholders and interested parties are informed equally about any events at the same time. Ongoing communications can be viewed chronologically and by subject matter on the homepage under Investor Relations (bitcoingroup.com). At all times, the Group promptly communicated events and developments relevant to the development of its share price in the form of press releases and ad hoc disclosures. In order to provide capital market participants with more information about Bitcoin Group SE and its business model, management engaged in a continuous dialog with investors, business partners and media representatives.

The shares of Bitcoin Group SE are listed on the primary market of the Düsseldorf Stock Exchange and have been traded over the counter on Xetra, the Frankfurt Stock Exchange and other German stock exchanges since October 2016. FinTech Group AG acts as designated sponsor and ensures adequate liquidity and corresponding tradability of the Bitcoin Group share by providing binding bid and ask prices.

KEY DATA ON BITCOIN SHARES

Sector	Financial services
ISIN	DE000A1TNV91
GSIN	A1TNV9
Ticker symboll	ADE
Stock exchanges	Düsseldorf, Frankfurt, Xetra, Munich, Stuttgart, Berlin, Hamburg, Hanover, Tradegate
Number and type of shares	5,000,000 no-par value bearer shares
Designated sponsor	FinTech Group AG
Opening price	EUR 19.14
High	EUR 46.90
Low	EUR 15.25
Closing price	EUR 44.00
Share price development	up 138.5%
Market capitalization	EUR 220.00 million
End of fiscal year	December 31

SHAREHOLDER STRUCTURE

To the company's knowledge, as a long-term core shareholder, Priority AG still holds between 50% and 75% of the voting rights as of June 30, 2019. According to the Deutsche Börse definition, the free float with voting rights of less than 5% of the share capital amounts to between 25% and 50% as of June 30, 2019.

ANNUAL GENERAL MEETING

On July 12, 2019, at the Annual General Meeting in Herford, the Managing Directors of Bitcoin Group SE reported on the robust growth and developments in the past fiscal year and looked to the future. The shareholders were satisfied with the development of the company and approved the actions of the Board of Directors and the Managing Directors. Management proposals were adopted by the shareholders with a large majority for all agenda items. The results of voting at the Annual General Meeting can be viewed on the company's website www.bitcoingroup.com under Investor Relations.

02 INTERIM MANAGEMENT REPORT

COMBINED GROUP MANAGEMENT REPORT FOR H1 2019

BASIC INFORMATION ON THE GROUP

BUSINESS MODEL

Bitcoin Group SE, Herford, is a capital investment and consulting company with a focus on Bitcoin and blockchain business models. The Bitcoin Group assists its portfolio companies in tapping growth potential with management services and capital, in order to launch these companies on the capital markets in the medium term. Bitcoin Group SE is planning further equity investments, including through asset deals and capital increases. Bitcoin Group SE's objective is to increase the enterprise value and profitability of its equity investments.

Bitcoin Group SE wholly owns Bitcoin Deutschland AG, Herford. Since 2011, Bitcoin Deutschland AG has been operating "Bitcoin.de", a licensed marketplace in Germany for the digital currency bitcoin and other cryptocurrencies at www.bitcoin.de.

On January 15, 2018, Bitcoin Group SE acquired an interest in Sineus Financial Services GmbH, Melle, by acquiring 50% of the shares in the company.

On November 12, 2018, Bitcoin Group SE acquired 100% of the shares in Tremmel Wertpapierhandelsbank (now trading as futurum bank GmbH). The purchase price is a low seven-figure amount. The deal was closed in July 2019.

OBJECTIVES AND STRATEGIES

The Group is focused on companies with cryptocurrency and blockchain business models, and intends to participate in the promising developments in the field of disruptive cryptocurrencies through investments in these companies.

The "Bitcoin.de" trading platform owned by the Group has further expanded its dominant role in Germany as a marketplace for the digital currency, and benefits from customers' confidence in Germany's corporate environment. There are many unregulated Bitcoin marketplaces abroad. Payments are made to the bank account of the respective operators of foreign marketplaces and, in the event of insolvency, are usually not protected. "Bitcoin.de" offers the advantage that customers keep the euro amounts in their own bank accounts, with deposit protection, until the purchased bitcoins are paid for. The Group's strategy is to maintain this proven marketplace model while at the same time establishing Germany's first regulated Bitcoin exchange.

Furthermore, Bitcoin Deutschland AG – together with futurum bank GmbH– is planning to establish the first Bitcoin ATMs in Germany and to offer cryptocurrency payment services for online shopping operators and bricks and mortar stores. Bitcoin Deutschland AG has proven in recent years that cryptocurrencies are also relevant in Germany, and that business models can be established in this area without any negative impact on reputation.

MANAGEMENT SYSTEM

All business units and subsidiaries report monthly on their financial position and financial performance, which are included in the company's half-year and annual reports. The segments also deliver monthly assessments of current and projected business developments. Furthermore, the following components essentially ensure compliance with the internal controlling system:

- regular meetings of the management board, supervisory board and the board of directors
- regular shareholder and general meetings
- risk and opportunity management
- liquidity planning
- monthly reports by segments
- internal audits

RESEARCH AND DEVELOPMENT

Based on the new technological foundation that was developed in 2018, the new "crypto-to-crypto" marketplaces (with an external customer wallet) went online in the first half of 2019. What makes the new "crypto-to-crypto" marketplace so special is that only one cryptocurrency, which is used for payment, has to be kept on Bitcoin.de – e.g. BTC/Bitcoin. The other crypto coin or crypto token is transferred directly to an address of the buyer by the seller. As the open ledger nature of the blockchain means that all transactions are transparent, i.e. they can be publicly viewed by anyone, Bitcoin.de can track the transfer of the crypto coins or tokens owed and thus confirm the fulfillment of purchase contracts. This innovative "crypto-to-crypto" marketplace (with an external customer wallet) has several advantages. One half of the traded pair always remains with the buyer and seller, and therefore does not have to be transferred via a third party (Bitcoin.de), which saves the participants time and money. This is also the advantage of the current marketplace model, where the euro remain with traders at all times and do not have to be paid into the trading platform. Bitcoin.de will also be much more flexible in adding new cryptocurrencies or tokens, as only a tool to query the respective blockchain needs to be provided for each new addition rather than a wallet infrastructure. The new marketplaces launched in March with the Golem and DASH tokens. The Litecoin cryptocurrency will be added to the system in Q4. Preparations are being made for the addition of Iota, Eos and Ripple in Q4.

The official Bitcoin.de app was launched in early August. The app allows users to access their Bitcoin.de account quickly and easily. Express trading customers can trade on the move at all times using the app. A price alarm informs users of good trading opportunities via push notifications. The app is currently only available for the Apple iOS operating system, but a version for Android smartphones is already in development.

The app was accompanied by the expansion of the trading API in the first half of 2019. Technically adept users can also automate activities on Bitcoin.de. In addition to calling up the order book, executing express trades and checking their own holdings and trade history, users can now execute script-based non-express trades (SEPA transfers), crypto-to-crypto trades, deposits and withdrawals via the new API versions.

As part of a continuous improvement process, the registration process in particular was revised in the first half of the year (e.g. the input and confirmation process for mobile numbers and bank details). Usability was also improved considerably with regard to enabling the important two-factor authentication (Google Authenticator).

ECONOMIC REPORT

GENERAL ECONOMIC AND INDUSTRY CONDITIONS

Many factors influence the value of and demand for bitcoins. These include the development of the economy and the exchange rates of national currencies. According to the statistical office of the European Union (Eurostat), quarter-on-quarter growth in gross domestic product in the euro area amounted to 0.4% in the first quarter of 2019 followed by just 0.2% in the second quarter. Bitcoin – the cryptocurrency benchmark – appreciated by 206% against the euro over the same period. (Source: Coinmarketcap.com)

The daily trading volumes on the Bitcoin exchanges increased from USD 4.661 billion on December 31, 2018 to USD 27.256 billion on June 30, 2019 (source: Coinmarketcap.com)

Throughout Germany, we are as yet unaware of any other investment company for disruptive technology-oriented companies (Bitcoin and Blockchain); hence Bitcoin Group SE can still claim to be a monopolist.

The overall conditions for Bitcoin have continued to improve. The voices calling for a ban on Bitcoin and other cryptocurrencies are becoming ever quieter. It is now generally accepted that the decentralized Bitcoin network cannot be regulated. The network is the only source of information on regulated trading platforms that accept cryptocurrencies as payment. These platforms assist government agencies in investigating crimes in connection with cryptocurrencies.

The overall economic situation and the persistently low interest rates in fiscal 2019 mean that an investment in bitcoins is still attractive for investors.

BUSINESS PERFORMANCE

The company planned to acquire further equity investments in the past half of the fiscal year. This plan was successfully implemented with the acquisition of a 100% interest in futurum bank GmbH (formerly Tremmel Wertpapierhandelsbank GmbH).

Bitcoin Group SE still wholly owns Bitcoin Deutschland AG. As a broker bound by contract of Fidor Bank AG, Munich, Bitcoin Deutschland AG brokers investments in financial instruments in the name and for the account of Fidor Bank AG in accordance with section 1(1a) sentence 2 no. 1 KWG.

The number of "Bitcoin.de" customers increased from around 779,000 to almost 808,000 in the first half of the year, corresponding to average growth of around 4,833 customers per month. Based on the growth pattern in the past three months, we are lowering our forecast only slightly to 850,000 users by the end of 2019.

Revenue (primarily commission revenue from the Bitcoin.de marketplace) is largely in line with the forecast made in the second half of the previous year.

No restructuring or rationalization measures were necessary in the first half of 2019.

No cooperation or other agreements were entered into or terminated. Furthermore, there were no changes in the legal or economic conditions, the market or competitive conditions or the market share and competitive position.

There is no seasonal influence on bitcoin trading.

There were no particular cases of damage or accidents at the time of reporting.

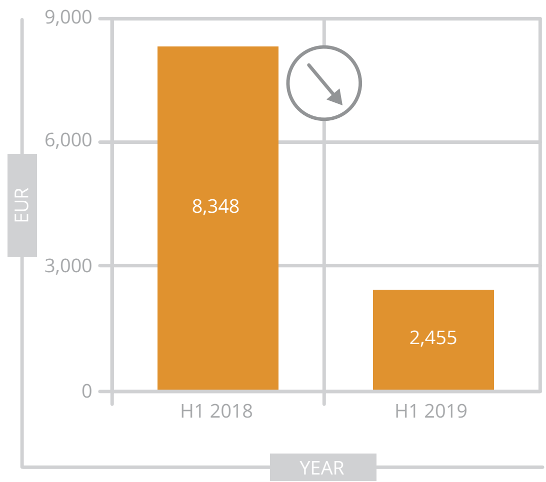
FINANCIAL POSITION AND FINANCIAL PERFORMANCE

RESULTS OF OPERATIONS

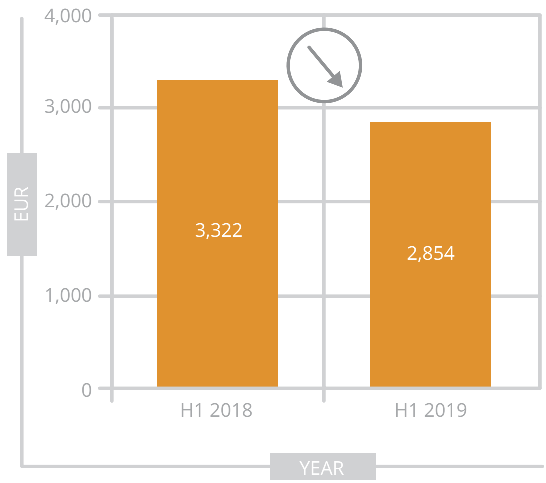
The comparison of the income statements for fiscal 2018 and 2019 shows the results of operations and changes in them. Operating revenue declined to EUR 2,455 thousand in the first half of fiscal 2019 after EUR 8,348 thousand in the same period of the previous year. This was primarily due to the contraction in trading volume on Bitcoin.de. EBITDA therefore amounts to EUR 1,231 thousand. The largest and only significant earnings item is revenue from trading proceeds in Bitcoin and other cryptocurrencies. The largest cost item in EBITDA is staff costs, which grew by 15.3%. Taxes for the reporting period are calculated on the basis of the German provisions for determining income.

Write-downs on cryptocurrencies were reversed in the amount of EUR 3,004 thousand, leading to a net profit of EUR 2,854 thousand (previous year: EUR 3,322 thousand).

REVENUE DEVELOPMENT



DEVELOPMENT IN EARNINGS AFTER TAXES



FINANCIAL POSITION

An overview of the origin and use of funds is shown in the statement of cash flows, which has been prepared in accordance with International Financial Reporting Standards (IFRS). The Bitcoin Group still operates without bank or capital market finance. Cash and cash equivalents amounted to EUR 2,822 thousand as of June 30, 2019, a change of just EUR 268 thousand compared with the same period of the previous year. As no investments were made in the first half of the year, there were no changes in cash flows from investing activities. As there was no equity or debt financing in the first half of 2019, there were no changes in cash flows from financing activities.

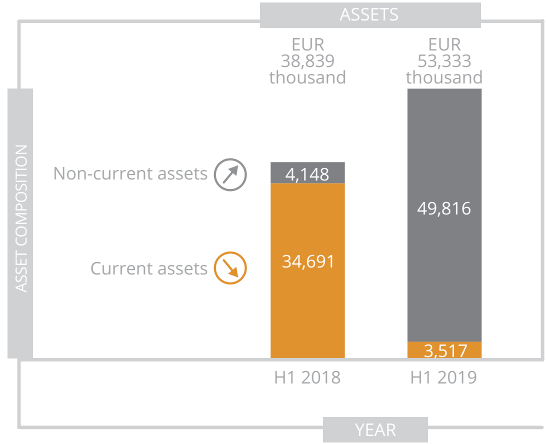
NET ASSETS

Total current assets were largely unchanged at EUR 3,517 thousand (December 31, 2018: EUR 3,363 thousand).

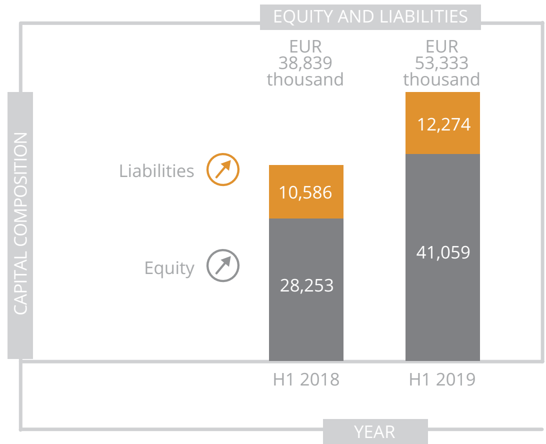
Non-current assets increased significantly, from EUR 20,757 thousand to EUR 49,816 thousand. This was due to intangible assets (cryptocurrencies), which improved from EUR 13,100 thousand as of December 31, 2018 to EUR 42,166 thousand as of June 30, 2019.

Equity increased by EUR 20,520 thousand to EUR 41,059 thousand in the reporting period as a result of retained earnings (EUR +2,854 thousand) and other comprehensive income (EUR +17,666 thousand).

ASSETS



EQUITY



FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

The Bitcoin Group has essentially been controlled to date using the financial key performance indicators of revenue, earnings before interest, taxes, depreciation and amortization (EBITDA) and free cash flow, in addition to the non-financial indicator of new customers.

Bitcoin Group SE thereby ensures that decisions concerning the balancing act between growth, profitability and liquidity are sufficiently taken into account. Revenue is used to measure success on the market. The Group uses EBITDA to measure its own operating performance and the performance of its equity investments. Taking the free cash flow into account ensures that the financial substance of the company is maintained. The free cash flow is the net amount remaining from cash flows from operating activities and cash spent on investments.

The most important non-financial indicator is the development in new customers. We monitor media reporting (public media) on events such as ETF approvals or Blockchain fork rumors. The Bitcoin Group also conducts proactive public relations work for the company's products and business model, for example with television/Internet appearances, presentations or reports on the Bitcoin blog (www.bitcoinblog.de). The number of new customer registrations is directly related and the Managing Directors report to the Board of Directors on this, as well as the above financial performance indicators, on a monthly basis.

REPORT ON EXPECTED DEVELOPMENTS, RISKS AND OPPORTUNITIES

REPORT ON EXPECTED DEVELOPMENT

The company is planning to acquire further equity investments in fiscal 2019. This objective is dependent on the opportunities that arise for equity investments and positive due diligence.

Forecast for key performance indicators:

New customers

Given the constant growth, the company expects to amass 850,000 registered users by the end of fiscal 2019. In order to better leverage the potential of the larger customer base, further measures are to be implemented to improve usability and customer experience.

Revenue

Given the current situation in cryptocurrency trading, we expect the results for 2019 as a whole to build on the successes of the second half of 2018. In the first half of the year, cryptocurrency commission grew by 8% compared with the second half of 2018. We are therefore confirming our forecast.

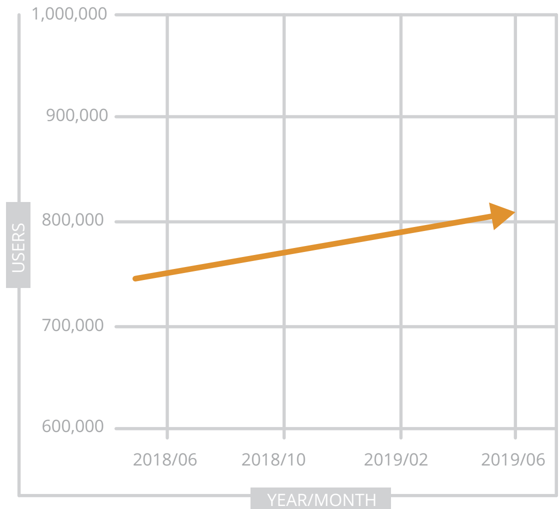
EBITDA

EBITDA is still expected to be positive based on the second half of 2018.

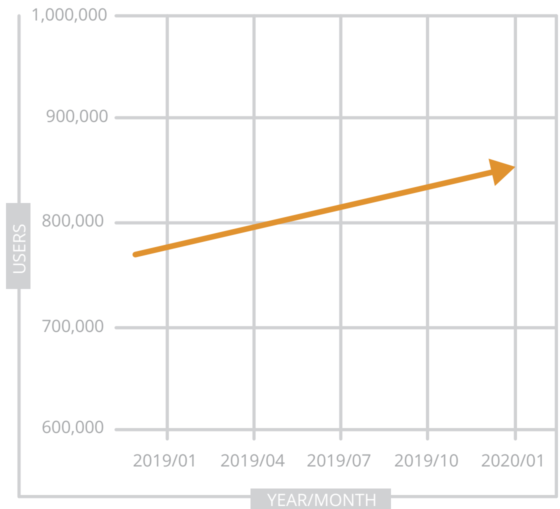
Overall statement on expected developments

The price of cryptocurrencies and media interest will again shape fiscal 2019. We anticipate a stable performance overall and intend to take advantage of the opportunities afforded by this relatively new technology. Our goal is and will continue to be to optimally leverage the enormous opportunities made possible by cryptocurrencies for our customers and shareholders.

TOTAL USERS 2018/2019 (13 MON.)



FORECAST USERS 2019/2020 (13 MON.)

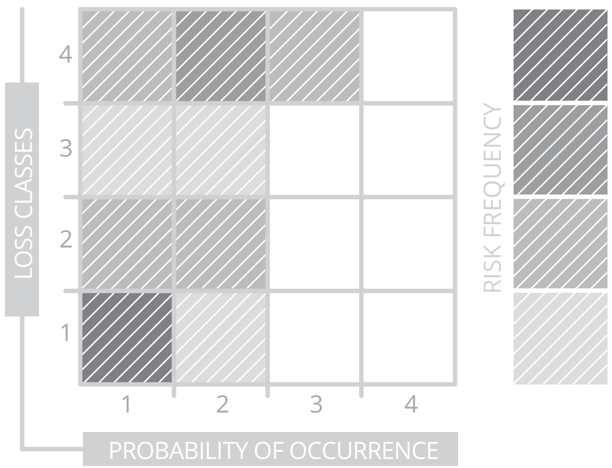


REPORT ON RISKS AND OPPORTUNITIES

RISK MANAGEMENT SYSTEM

Efficient risk management is intended to systematically identify risks early on in order to take countermeasures in a timely manner and to manage any risks. Risk management is an integral component of Bitcoin Group SE's value-driven and growth-oriented management. Risk management at Bitcoin Group SE therefore tracks, analyses and monitors the potential risks of all major business transactions and processes. The risk strategy always requires an assessment of the risks of an investment and the associated opportunities. The company's management assesses the individual risks on the basis of their probability of occurrence and potential losses.It also only takes appropriate, manageable and controllable risks if this entails increased enterprise value at the same time. Speculative transactions or other speculative measures such as bonds or investments in conventional foreign currencies, with the exception of investments in established cryptocurrencies, are not permitted. The equity and liquidity situation is monitored on an ongoing basis. The Board of Directors received regular and detailed reports on the financial situation in the first half of 2019. This approach creates optimal transparency and thus forms a solid basis for the assessment of risks and opportunities. The Managing Director and the Board of Directors are therefore able to initiate appropriate measures to maintain a stable financial and liquidity situation for the company immediately.

RISK MATRIX



RISK ASSESSMENT – PROBABILITY OF OCCURRENCE

Class 1	very low	0% - 25%
Class 2	low	25% - 50%
Class 3	medium	50% - 75%
Class 4	high	75% - 100%

RISK ASSESSMENT – LOSS CLASSES

Class 1	50,000-100,000 EUR	insignificant
Class 2	100,000-500,000 EUR	low
Class 3	500,000-1,000,000 EUR	medium
Class 4	> 1.000.000 EUR	severe

RISKS AND OPPORTUNITIES

Bitcoin Group SE and its equity investments are exposed to a number of opportunities and risks, of which the following can be considered material.

RISKS AND OPPORTUNITIES – THE MARKET

- The success of investments is dependent on the general stock exchange environment and economic developments: A deterioration of external conditions can lead to losses from investment activity, or make it more difficult to raise capital, thereby negatively affecting financial position and financial performance (class 2/class 4). By contrast, a positive environment can have an effect not solely due to the value of the individual investment.

- Dependence on industry assessments by capital market participants: The measurement of individual investments can deteriorate, or improve, as a result of changes in industry assessments by market participants (class 2/class 2).

- Capital market volatility: Fluctuations in prices on the capital market, in particular price fluctuations on bitcoin markets, can affect the value of the investments both negatively (class 3/class 4) and positively.

- Currency and exchange rate risk: In the event of investments outside the euro area, currency fluctuations can have a negative (class 1/class 1) or positive effect on the value of equity investments.

- Foreign investments: Investments outside Germany can lead to increased risks owing to a different legal or tax situation that adversely affects financial position and financial performance (class 1/class 1). However, there can also be advantages, particularly in the area of taxation.

- Tougher competition: Risk capital providers, who compete with Bitcoin Group SE, can heighten the competition for equity investments by raising additional capital (class 1/class 1).

- Risks and opportunities resulting from changes in interest rates: Changes in interest rates can affect the measurement of equity investments and make potential borrowings not subject to interest rate agreements more or less expensive (class 1/class 1), thereby leading to changes in the financial position and financial performance of the company.

RISKS AND OPPORTUNITIES – THE COMPANY

- Risks and opportunities resulting from the company's investing activities: The long-term value of investments cannot be guaranteed despite intensive due diligence by the company. Failures can pose a threat to the company's existence (class 1/class 4), while successes can have a positive influence on the company's asset situation.

- Dependence on information: The company is dependent on information provided to it by the seller or by target companies. It cannot be completely ruled out that this information is false or misleading (class 1/class 2).

- Particular risks and opportunities of young companies: The companies targeted by Bitcoin Group SE are in an early phase of their development, which entails a high risk of insolvency and thus a total loss for Bitcoin Group SE (class 2/class 4). On the other hand, start-ups are often valued significantly below their future level, which can have a very positive effect for Bitcoin Group SE.

- Limited rights in equity investments: Owing to a possible minority interest in target companies, the company will not always be able to protect its interests in these equity investments (class 1/class 1).

- Tax risks: A potential change in tax legislation can have a lasting negative impact on the company's financial position and financial performance. A relevant issue in this context is the BMF letter of February 27, 2018. As a result of this, Bitcoin Deutschland AG would have to remit VAT, plus any interest, for commission received in connection with the brokerage of cryptocurrencies for the years that can still be amended under tax law. Furthermore, future commission for cryptocurrency brokerage would be subject to VAT, with the result that the earnings situation of Bitcoin Germany AG for past and future years could deteriorate by up to 19%, leading to a negative impact on the consolidated financial statements of Bitcoin Group SE. We maintain our position that this rule does not apply (see also our ad hoc disclosure of March 1, 2018) and therefore rate the probability of occurrence as low. (class 2/class 4).

- Risks due to a lack of insurance cover: Other than D&O insurance for its executive bodies, the company does not have its own insurance. External events can have a lasting negative impact on financial position and financial performance (class 1/class 2).

- Risks due to loss of cryptocurrencies: External hackers or employees could illegally steal cryptocurrencies entrusted to the subsidiary Bitcoin Deutschland AG by customers, with the result that Bitcoin Deutschland AG would potentially be required to pay damages. This could have a lasting negative impact on financial position and financial performance. However, as more than 98% of cryptocurrencies are held offline, i.e. without an Internet connection, and distributed, i.e. protected against access by individual persons, this company considers this risk to be low. The same applies to Bitcoin Deutschland AG's own holdings of cryptocurrencies, which are also 98% offline and distributed. Bitcoin Deutschland AG's own assets are sufficient to cover potential losses of the cryptocurrencies usually available online for payment requests several times over (class 1/class 3).

- Risks and opportunities from credit financing: Bitcoin Group SE intends to carry out the acquisition of equity interests possibly using borrowed funds. The obligations to be entered into in this context could have a materially adverse effect on the company's financial position and financial performance (class 1/class 4). From the perspective of equity capital providers, the current historically low interest rate could allow attractive lending conditions with a positive effect on the return on equity.

- Possibility of the full or partial sale of the interest held by the major shareholder Priority AG: A new major shareholder could control the company or at least obtain a blocking minority (class 1/class 1).

- Termination of the cooperation agreement with Fidor Bank AG: As Bitcoin Deutschland AG does not yet have its own permit from the German Federal Financial Supervisory Authority (BaFin), it is currently still dependent on its cooperation with Fidor Bank AG, under whose liability umbrella Bitcoin Deutschland AG acts as a broker bound by contract. Following the hypothetical termination of the cooperation agreement, Bitcoin Deutschland AG would have to find a new cooperation partner to provide Bitcoin Deutschland AG with a new liability umbrella. However, the company has mitigated this risk by acquiring a 50% interest in Sineus Financial Services GmbH, which gives it a contractual assurance of cooperation should this become necessary, and by acquiring futurum bank GmbH (class 2/class 1).

- In order to identify risks early on, key risks are systematically identified and analyzed in all areas of the company. There is a monthly reporting system for this that identifies vulnerabilities, continuously analyses changes and, if necessary, initiates suitable measures to minimize risks (class 2/class 2).

In summary, the opportunities arising from the still young and high-growth environment of crypto technologies exceed the risks.

RISK REPORTING

ON THE USE OF FINANCIAL INSTRUMENTS

The financial instruments used by the company and its equity investments essentially include units of account (cryptocurrencies), receivables, liabilities and bank balances. As for the latter, it is ensured that there is always sufficient liquidity on hand to rule out liquidity risk. The company and its equity investments have a solvent customer base. So far there have been no bad debts thanks to advance payment regulations. Liabilities are paid within the agreed periods. The objective of the company's financial and risk management is to protect the company against financial risks of all kinds. The company employs a conservative risk policy in the management of its financial positions. A risk management system for the company's own bitcoin holdings is not necessary as it does not acquire its own bitcoins for the purpose of speculation, but rather to protect against potential hacking attacks. There is thus no market price risk in this regard, as it would not be necessary to first acquire any cryptocurrency to be replaced. The company stores 98% of its bitcoins "cold" at various and highly secured locations, i.e. without access to the Internet, thereby guaranteeing the utmost possible security. The company has adequate receivables management to minimize the risks of default.

INTERNAL CONTROL SYSTEM

GROUP ACCOUNTING-RELATED INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT SYSTEM

Internal controls are an integral part of accounting processes at Bitcoin Group SE. Requirements and procedures have been defined for the financial reporting process. In particular, this relates to:

- reviewing figures
- communication with the press
- protection of business secrets

Compliance with these regulations is intended to prevent material misstatements in the financial statements, the combined management report and the interim reports due to errors or fraud with reasonable assurance.

TAKEOVER LAW DISCLOSURES

IN ACCORDANCE WITH SECTIONS 289(4) AND 315(4) HGB

Composition of issued capital

The issued capital of Bitcoin Group SE amounted to EUR 5,000,000 in total on December 31, 2018 (December 31, 2017: EUR 5,000,000) and was divided into 5,000,000 no-par value shares with a notional share in the issued capital of EUR 1.00 per share. All shares have the same rights and obligations. Each share grants the right to one vote at the Annual General Meeting of the company.

Restrictions relating to voting rights or the transfer of shares

The Board of Directors has no information on any restrictions on the exercise of voting rights or on the transferability of shares beyond the statutory provisions.

Capital holdings exceeding 10% of voting rights

As of December 31, 2018, there were the following direct or indirect holdings in the capital of Bitcoin Group SE exceeding 10% of voting rights: Priority AG, Herford.

Shares with special rights bestowing control

No shares with special rights bestowing control were issued.

Voting right control for interests held by employees

There are no voting right controls for the event that employees hold interests in the capital of the Bitcoin Group.

Appointment and dismissal of members of the Board of Directors and Managing Directors

Please see the applicable statutory provisions of sections 28, 29 SEAG regarding the appointment and dismissal of members of the Board of Directors. Please see the applicable statutory provisions of section 40 SEAG regarding the appointment and dismissal of managing directors. The Management Board of Bitcoin Deutschland AG does not currently have the authority to issue or buy back shares. There are also no agreements between Bitcoin Group SE and Bitcoin Deutschland AG subject to the condition of a change of control as a result of a takeover bid, or any resulting compensation agreements.

DECLARATION BY BITCOIN GROUP SE'S BOARD

OF DIRECTORS ON THE GERMAN CORPORATE GOVERNANCE CODE IN ACCORDANCE WITH ARTICLE 9(1) C) II) OF THE SE REGULATION IN CONJUNCTION WITH SECTION 161 AKTG

The Board of Directors of a European company (SE) listed in Germany is legally required in accordance with section 22(6) SEAG in conjunction with section 161 AktG to declare once per year whether the officially published recommendations of the Government Commission for the German Corporate Governance Code (GCGC) applicable at the time of the declaration have been and are complied with. Companies are also required to declare which recommendations of the Code have not been or are not applied and why. The full text of the declaration of compliance by the Board of Directors of Bitcoin SE has been made permanently available on the company's website at www.bitcoingroup.com.

REMUNERATION REPORT

The company has chosen not to disclose the individual total remuneration of members of the Board of Directors in accordance with section 285 no. 9a of the Handelsgesetzbuch (HGB – German Commercial Code) and section 314(1) no. 6a HGB.

In accordance with statutory requirements, the remuneration components of the Board of Directors are to be based on the usual amount and structure at comparable companies in Germany and abroad, and on the economic situation and the future development of the company. The remuneration is also intended to take into account the activities and performance of the Board of Directors, and to provide an incentive for commitment and long-term corporate development.

The total remuneration of managing directors consists of fixed annual basic remuneration, additional benefits and variable remuneration. The fixed remuneration consists of a set annual salary not based on performance, which is paid in twelve equal monthly installments. The additional benefits relate to the entitlement to non-cash remuneration in the form of the use of a company car and a tax-free subsidy in accordance with section 3 no. 33 of the Einkommensteuergesetz (EStG – German Income Tax Act), R 3.33 LSt. The variable remuneration is performance-based and determined by the earnings generated.

RESPONSIBILITY STATEMENT

To the best of our knowledge and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

OVERALL STATEMENT

All in all, the Managing Directors consider the performance over the first half of 2019 and the Group's economic situation to be positive. In the first half of 2019, revenue from cryptocurrency trading income increased by 8% compared with the second half of 2018 and own holdings of cryptocurrencies rose by EUR 29,066 thousand.

DEPENDENT COMPANY REPORT BY THE MANAGING DIRECTORS

The Managing Directors make the following declaration in accordance with section 312(3) AktG: The Managing Directors have produced a dependent company report that conclusively declares: “There were no reportable events in the period under review.”

Herford, September 16, 2019

Michael Nowak
Managing Director

Marco Bodewein
Managing Director

03 INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for H1 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION ASSETS

	Note	June 30, **2019** EUR	December 31, **2018** EUR
Non-current assets			
Property, plant and equipment	4.1.1	32,078.53	39,013.00
Goodwill	4.1.1	3,882,225.95	3,882,225.95
Intangible assets (other)	4.1.1	59,331.57	59,331.57
Intangible assets (cryptocurrencies)	4.1.1	42,166,761.47	13,100,979.91
Other non-current financial assets	4.1.2	3,675,828.66	3,675,828.66
Total non-current assets		**49,816,226.18**	**20,757,379.09**
Current assets			
Trade receivables from third parties	4.2.1	2,104.43	2,149.00
Other financial assets (receivables from related parties)	4.2.2	9,500.00	137,110.94
Other non-financial assets	4.2.3	23,957.09	10,621.33
Income tax assets	4.2.5	659,375.00	659,375.00
Cash and cash equivalents	4.2.4	2,822,161.95	2,553,706.10
Total current assets		**3,517,098.47**	**3,362,962.37**
Total assets		**53,333,324.65**	**24,120,341.46**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
EQUITY AND LIABILITIES

	Note	June 30, **2019**	December 31, **2018**
	Note	EUR	EUR
Equity			
Issued capital	4.3	5,000,000.00	5,000,000.00
Cumulative retained earnings	4.3	11,905,151.22	9,050,724.10
Other comprehensive income	4.3	24,153,964.41	6,488,101.86
Total equity		**41,059,115.63**	**20,538,825.96**
Non-current liabilities			
Deferred tax liabilities	4.4.5	10,351,699.04	2,780,615.08
Total non-current liabilities		**10,351,699.04**	**2,780,615.08**
Current liabilities			
Trade payables to third parties	4.4.1	115,211.20	87,950.36
Other financial liabilities (liabilities to related parties)	4.4.2	978.60	37,733.42
Other non-financial liabilities	4.4.3	466,390.75	443,667.64
Income tax liabilities	4.4.4	1,339,929.43	231,549.00
Total current liabilities		**1,922,509.98**	**800,900.42**
Total equity and liabilities		**53,333,324.65**	**24,120,341.46**

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME

for H1 2019 (IFRS)

	Note	January 1 - June 30, **2019** EUR	January 1 - June 30, **2018** EUR
Revenue	5.1	2,455,295.16	8,347,886.87
Other operating income	5.2	17,275.97	421,947.91
Other operating expenses	5.6	-749,828.81	-774,098.25
Cost of materials	5.3	-2,343.08	-8,228.66
Staff costs	5.4	-489,143.09	-424,040.11
EBITDA		**1,231,256.15**	**7,563,467.76**
Depreciation and amortization	4.1.1	-6,934.47	-12,502.47
Write-downs/reversals of write-downs (cryptocurrencies)	4.1.1	3,004,072.07	-2,677,313.57
EBIT		**4,228,393.75**	**4,873,651.72**
Other financial income		0.00	0.00
Other financial expenses		-20.00	-39.00
Earnings before income taxes		**4,228,373.75**	**4,873,612.72**
Income taxes	5.7	-1,373,946.63	-1,551,563.00
Net profit		**2,854,427.12**	**3,322,049.72**
Of which attributable to owners of Bitcoin Group SE		2,854,427.12	3,322,049.72
Average number of shares (basic)	5.8	5,000,000	5,000,000
Average number of shares (diluted)	5.8	5,000,000	5,000,000
Earnings per share EUR (basic)	5.8	0.57	0.66
Earnings per share in EUR (diluted)	5.8	0.57	0.66
Other comprehensive income			
Net profit	**4.4.5**	**2,854,427.12**	**3,322,049.72**
Items not reclassified to profit or loss: Income or expenses from the revaluation of intangible assets (cryptocurrencies)		25,236,946.51	-18,941,280.79
Income taxes on other comprehensive income: Income taxes in connection with the revaluation of intangible assets (cryptocurrencies)		-7,571,083.96	5,682,384.24
Other comprehensive income after taxes		**17,665,862.55**	**-13,258,896.55**
Total comprehensive income		**20,520,289.67**	**-9,936,846.83**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for H1 2019 (IFRS)

	Number of shares	Issued capital	Other comprehensive income	Profit/loss carried forward	Equity
	EUR	EUR	EUR	EUR	EUR
As of December 31, 2017	**5,000,000.00**	**5,000,000.00**	**25,685,567.57**	**7,504,483.90**	**38,190,051.47**
Net profit after taxes	0.00	0.00	-13,258,896.55	3,322,049.72	-9,936,846.83
As of June 30, 2018	**5,000,000.00**	**5,000,000.00**	**12,426,671.02**	**10,826,533.62**	**28,253,204.64**
As of December 31, 2018	**5,000,000.00**	**5,000,000.00**	**6,488,101.86**	**9,050,724.10**	**20,538,825.96**
Net profit after taxes	0.00	0.00	0.00	2,854,427.12	2,854,427.12
Other comprehensive income	0.00	0.00	17,665,862.55	0.00	17,665,862.55
As of June 30, 2019	**5,000,000.00**	**5,000,000.00**	**24,153,946.41**	**11,905,151.22**	**41,059,115.63**

CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS

for H1 2019 (IFRS)

Cash flows from operating activities
(EBIT)
Restatements:
Depreciation and amortization expense on non-current assets
Non-cash additions/disposals of intangible assets (cryptocurrencies)
Changes:
Increase/decrease in trade receivables from third parties
Increase/decrease in receivables from related parties
Increase/decrease in other assets not attributable to investing or financing activities
Increase/decrease in trade payables to third parties
Increase/decrease in liabilities to related parties
Increase/decrease in other liabilities not attributable to investing or financing activities
Taxes paid/received
Interest paid/received
Cash flows from operating activities
Cash flows from investing activities
Payments for investments in property, plant and equipment
Payments for investments in intangible assets
Payments for investments in financial assets
Cash flows from investing activities
Cash flows from financing activities
Net increase/decrease in cash and cash equivalents
Cash and cash equivalents at the beginning of the period
Cash and cash equivalents at the beginning of the period

Note	January 1 - June 30, **2019** EUR	January 1 - June 30, **2018** EUR
	4,228,393.75	**4,875,464.22**
4.1	6,934.47	12,502.47
4.1	-3,828,835.05	-1,303,891.23
4.2.1	44.57	67,641.20
4.2.2	127,610.94	-26,409.08
4.2.3 4.2.5	-13,335.76	-156,024.67
4.4.2	27,260.84	-122,721.43
4.4.3	-36,754.82	0.00
4.4.4	22,723.11	52,064.39
5.7	-265,566.20	47,338.00
	-20.00	-1,851.50
	268,455.85	**3,349,436.37**
4.1.1	0.00	-5,964.61
4.1.1	0.00	0.00
4.1.2	0,00	-156,575.00
	0.00	**-162,539.61**
	0.00	**0.00**
	268,455.85	**3,186,896.76**
	2,553,706.10	**7,345,553.05**
	2,822,161.95	**10,532,449.81**

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended June 30, 2019 (IFRS)

1. BITCOIN GROUP SE

1.1 GENERAL INFORMATION

The purpose of the company is the development and operation of innovative business concepts and technologies with growth potential, in particular the development and operation of marketplaces on the Internet for the purchase and sale of cryptocurrencies in addition to the development and marketing of blockchain technologies. In addition to Bitcoin (BTC), Bitcoin Cash (BCH), Bitcoin Gold (BTG), Bitcoin SV (BSV) and Ethereum (ETH) can also be traded on these marketplaces. The parent company of the Bitcoin Group SE Group is domiciled at Nordstrasse 14, 32051 Herford (Germany) and is entered in Commercial Register B of the Bad Oeynhausen Local Court under HRB 14745. Priority AG holds a majority share in Bitcoin Group SE. There is no control agreement.

The interim consolidated financial statements are prepared in the currency euro (EUR), which is also the functional and the reporting currency. Unless stated otherwise, amounts are shown in the financial statements in euro. For arithmetical reasons, rounded figures shown in tables and references in the text can differ from the exact mathematical values (monetary units, percentages, etc.).

The unaudited interim consolidated financial statements cover the period from January 1 to June 30, 2019.

1.2 GROUP INFORMATION

The interim consolidated financial statements include the subsidiaries whose financial and operating policies Bitcoin Group SE can direct. This is usually the case given a shareholding of more than 50%, as shares are equal to voting rights. If contractual provisions stipulate that a company can be controlled despite a shareholding of less than 50%, this company is included in the interim consolidated financial statements as a subsidiary. If contractual provisions stipulate that a company cannot be controlled despite a shareholding of more than 50%, this company is not included in the interim consolidated financial statements as a subsidiary.

As the parent company, Bitcoin Group SE held 100% of shares in Bitcoin Deutschland AG, Herford, as of June 30, 2019 and December 31, 2018. The company is consolidated. Based on the annual financial statements prepared in accordance with the Handelsgesetzbuch (HGB – German Commercial Code) as of June 30, 2019, the company's equity amounts to EUR 11,383 thousand and its subscribed capital to EUR 50 thousand, while the net profit for the first half of 2019 amounts to EUR 3,314 thousand.

Bitcoin Group SE acquired 50% of shares in Sineus Financial Services GmbH ("Sineus") for a purchase price of EUR 157 thousand on January 15, 2018. Contractual provisions stipulate that Bitcoin Group SE has no significant influence and no power over Sineus Financial Services GmbH, hence it is not included in consolidation (IFRS 10) and there is no joint arrangement (IFRS 11) as there is no control.

Bitcoin Group SE (Bitcoin) acquired 100% of shares in futurum Bank GmbH (formerly: Tremmel Wertpapierhandelsbank GmbH) ("futurum") for a purchase price of EUR 3,512 thousand on November 12, 2018. EUR 1,306 thousand was paid using funds from cash and cash equivalents. A convertible subordinated loan was agreed for the remaining EUR 2,206 thousand. The acquisition is still subject to the condition precedent of approval by the German Federal Financial Supervisory Authority (BaFin) as of June 30, 2019. It is not included in consolidation as it is not controlled. BaFin finally approved the acquisition on July 10, 2019. Further information can be found in note 12 "Events after the end of the reporting period".

Sineus and futurum were acquired for strategic reasons and serve to boost the Group's effectiveness over the long term.

1.3 BASIS OF CONSOLIDATION

In the event of a business combination, acquisition accounting is performed by offsetting the acquisition cost against the Group's share in the remeasured equity of the consolidated subsidiaries as at the time of the acquisition of the shares in accordance with IFRS 3. The reportable assets, liabilities and contingent liabilities of subsidiaries are carried at their full fair value regardless of the amount of the non-controlling interest. For each acquisition, there is an option that can be exercised separately as to whether non-controlling interests are measured at fair value or at the amount of the pro rata net assets. Incidental costs of acquisition are expensed. Positive differences arising on first-time consolidation are recognized as goodwill. In accordance with IFRS 3/IAS 36, this goodwill is tested for impairment annually or when there is a trigger event. The residual carrying amounts of positive differences are taken into account in calculating the result of disposal on deconsolidation.

Changes in the shareholding that do not lead to a loss of control are treated as transactions between shareholders in equity. These transactions do not lead to any recognition of goodwill or the realization of gains on disposal. In the event of sales of shares that lead to a loss of control, the remaining shares are remeasured at fair value through profit and loss and the cumulative other comprehensive income relating to the equity investment recognized in equity in the income statement is recognized in retained earnings, if these are actuarial gains/losses.

Losses attributable to non-controlling interests are allocated to them in full, even if this results in a negative carrying amount.

If an enterprise acquired does not constitute a business as defined by IFRS 3, the transaction is recognized as an acquisition of assets and assumption of liabilities at cost, without taking goodwill into account.

2. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

2.1 GENERAL ACCOUNTING PRINCIPLES

The condensed interim consolidated financial statements as of June 30, 2019 ("interim consolidated financial statements") were prepared for the purposes of interim financial reporting in accordance with section 37w(3) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) and are consistent with the International Financial Reporting Standards (IFRSs) as applicable in the European Union. The accounting policies applied in the interim consolidated financial statements, which were prepared on the basis of International Accounting Standard (IAS) 34 are the same as those used in the audited and published IFRS consolidated financial statements of Bitcoin Group SE as of December 31, 2018 ("2018 consolidated financial statements"). The option to prepare condensed interim consolidated financial statements was exercised. All interpretations of the International Financial Reporting Interpretations Committee (IFRIC) that were binding as at the end of the reporting period were taken into account. Furthermore, the interim financial reporting is consistent with the German Accounting Standard ("DRS") no. 16 Interim Financial Reporting of the German Accounting Standards Committee ("DRSC").

Please refer to the 2018 consolidated financial statements for detailed information on the accounting policies applied.

The directors of Bitcoin Group SE approved the interim consolidated financial statements on September 16, 2019. To improve clarity, various items in the statement of financial position and the statement of comprehensive income were combined. This is presented in detail in the notes.

In accordance with IAS 1.60, the statement of financial position is divided into current and non-current items.

The income statement contained in the statement of comprehensive income was prepared in line with the nature of expense method.

The key accounting policies applied in the preparation of these consolidated financial statements are presented below. Unless stated otherwise, these principles were applied uniformly to all fiscal years presented.

When preparing the interim consolidated financial statements, management is required to make estimates and assumptions that influence the reported amount of assets, liabilities, revenue and expenses, as well as the disclosure of contingent assets and contingent liabilities. In addition, management is also required to apply the accounting principles according to its own judgment. Although these estimates and assumptions are based on the best possible knowledge of events and measures, the results can differ from these estimates.

The application of the valid IFRS regulations does not lead to a misleading view of the company's situation.

The interim consolidated financial statements have been prepared in accordance with the historical cost principle. The historical cost is based on the respective value of the consideration given for assets. This is based on the fair value of the consideration.

The fair value is the price that would be paid on the measurement date for the sale of an asset or for the transfer of a liability in a transaction between market participants under normal market conditions, regardless of whether the price is directly observable or is estimated using other measurement methods.

When estimating the fair value of an asset or liability, the company takes into account the characteristics of the asset or liability to the extent that market participants would also consider these characteristics when determining the fair value of the asset or the liability on the measurement date. Fair value is calculated on this basis for the purpose of measurement or inclusion in the financial statements; an exception to this is share-based payment transactions in accordance with IFRS 2, leases in accordance with IFRS 16 and items measured at net realizable value in accordance with IAS 2 or value in use in accordance with IAS 36, whereby these values are similar to but not the same as fair value. The measurement of fair value for financial reporting purposes is divided into level 1, level 2 and level 3, depending on the observability of the input used in the measurement of the respective fair value and the significance of these inputs to the measurement of fair value as a whole. This measurement hierarchy is described as follows:

- Level 1 inputs include quoted (unadjusted) prices on active markets for identical assets or liabilities to which the company has access on the measurement date.
- Level 2 inputs include information sources other than quoted prices covered by level 1 that are either directly or indirectly observable for the asset or liability.
- Level 3 inputs include unobservable inputs relating to the asset or liability.

2.2 NEW IASB ACCOUNTING STANDARDS

These interim consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) of the International Accounting Standards Board (IASB) as adopted by the European Union. They take into account all accounting standards and interpretations effective in the EU.

Accordingly, these IFRS interim consolidated financial statements are based on the IASB accounting standards endorsed for the EU in accordance with Regulation (EC) No 1606/2002 in conjunction with section 315a(1) HGB (consolidated financial statements according to international accounting standards) by the EU Commission in the context of the endorsement process. New IFRSs and amendments to IFRSs released by the IASB become effective following a corresponding resolution by the EU Commission in the context of the endorsement process.

The new standards and their application in these IFRS interim consolidated financial statements of the company are explained below to increase the clarity for users of these financial statements.

Unless stated otherwise, the standards and interpretations – or the amendments to existing standards – are effective for reporting periods beginning on or after the date of first-time adoption. No standards or interpretations were adopted early.

2.2.1 NEW STANDARDS AND INTERPRETATIONS EFFECTIVE FOR THE FIRST TIME

The following new standards, interpretations and amendments to IFRSs were effective for the first time for the reporting period 2019.

Amendments to IAS 28 “Investments in Associates” – Long-term Interests in Associates and Joint Ventures
The amendments relate to a clarification on the exclusion of investments within the meaning of IAS 28 from the scope of IFRS 9. IFRS 9 does not apply to investments in associates or joint ventures accounted for using the equity method. However, IFRS 9 does apply to long-term investments in that are a part of a net investment in an associate or joint venture. The amendments are effective for reporting periods from January 1, 2019. It was endorsed in EU law on February 8, 2019.

IFRS 16 “Leases”

IFRS 16 replaces IAS 17, IFRIC 4, SIC 15 and SIC 27. The new regulations dispense with the distinction between finance and operating leases. Instead, the lessee must recognize its right to use the asset in the form of a right-of-use asset which is written down over the term of the lease. It also recognizes a liability in the amount of the present value of the future lease payments which is written down using the effective interest method.

Lessors classify leases line with IAS 17.

The Standard became effective as of January 1, 2019. It was endorsed in EU law on October 31, 2017.

In the context of a Group-wide analysis, the Bitcoin Group examined the leases in which the Group is the lessee for possible adjustment effects. This analysis do not give rise to any impact on the interim consolidated financial statements of the Bitcoin Group as a result of the adoption of IFRS 16. The Standard was adopted using the modified retrospective method.

Amendments to IFRS 9 “Financial Instruments” – Prepayment Features with Negative Compensation

The amendments relate to the classification of financial instruments with prepayment features with negative compensation. Under previous provisions, the cash flow criterion is not satisfied if the lender has to pay a prepayment penalty in the event that the borrower terminates. The new regulations allows measurement at amortized cost (or at fair value through other comprehensive income) even in the case of negative compensation. It was also clarified that the carrying amount of a financial liability must be adjusted immediately through profit or loss after modification. The amendments are to be applied retrospectively for fiscal years from January 1, 2019. It was endorsed in EU law on March 22, 2018.

IFRIC 23 “Uncertainty over Income Tax Treatments”

The new Interpretation clarifies the uncertainty over the income tax payable for the fiscal year as the tax impact of structures implemented is not resolved until a later date. If the recognition of tax is uncertain but likely, it is recognized in line the tax return and the uncertainty is disregarded. If the recognition of tax is not likely, the tax expense is measured either at the most likely value or the expected value. The interpretation is effective for reporting periods from January 1, 2019. It was endorsed in EU law on October 23, 2018.

Annual Improvements to IFRS (2015-2017 Cycle)

The IASB published Annual Improvements to IFRS (2015-2017 Cycle) on December 12, 2017. The amendments intended in the 2015-2017 Cycle relate to three standards, namely:

- IFRS 3 and IFRS 11: Clarification of accounting for previously held interests in joint operations when joint control is achieved for the first time. When an entity obtains sole control of a business that is a joint operation, it remeasures previously held interests in that business. However, if only joint control is achieved, the entity does not remeasure previously held interests in that business.

- IAS 12: Clarification of accounting for the tax consequences of financial instruments reported as equity. This clarified that all income tax consequences of dividends are reported in profit or loss regardless of how they arise.

- IAS 23: Clarification of the determination of borrowing costs when an asset previously under construction has been completed. Clarification that funds borrowed for the purpose of obtaining a qualifying asset are also available for the financing of other assets after the completion or sale of the qualifying asset.

The amendments are effective from January 1, 2019. It was endorsed in EU law on March 14, 2019.

Amendment to IAS 19: Plan Amendment, Curtailment or Settlement

The IASB published amendments to IAS 19 on February 7, 2018. The amendments to IAS 19 now specifically state that, after a defined pension plan is amended, settled or curtailed during the year, the current service cost and net interest for the remaining period must be recalculated using current actuarial assumptions. The amendment also includes a clarification on how amendments, curtailments and settlements affect plans for the required asset ceiling. The amendments are effective from January 1, 2019. It was endorsed in EU law on March 13, 2019.

2.2.2 FUTURE STANDARDS AND INTERPRETATIONS EFFECTIVE FOR THE FIRST TIME

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) have issued other standards and interpretations not yet effective for fiscal 2018 or not yet endorsed by the EU.

Revision of Conceptual Framework

The IASB published its revised Conceptual Framework for Financial Reporting on March 29, 2018. Included are revised definitions of an asset and a liability as well as new guidance on measurement and derecognition, presentation and disclosure. The updated cross-referencing in the individual Standards is effective from January 1, 2020, subject to EU endorsement planned for 2019.

Amendments to IFRS 3 "Definition of a Business"

The IASB published amendments to IFRS 3 relating to the "Definition of a Business" on October 22, 2018. The amendment aims to better clarify whether a business or a group of assets was acquired. The amendment adds disclosures in the notes and supplements the application guidance and examples that clarify the three elements of a business. The amendments are effective for reporting periods from January 1, 2020. Endorsement by the EU is still pending.

Amendments to IAS 1 and IAS 8 "Definition of Materiality"

The IASB published amendments relating to the definition of materiality for financial information on October 31, 2018. The amendments relate to IAS 1 and IAS 8. Together with the additional application guidance, the amendments are intended to make it easier for preparers of IFRS financial statements to assess materiality. The changes also ensure a uniform definition of materiality across all IFRSs. The amendments are effective for reporting periods from January 1, 2020. Endorsement by the EU is still pending.

IFRS 17 "Insurance Contracts"

IFRS 17 "Insurance Contracts" was issued on May 18, 2017. The new standard aims to ensure that consistent, principles-based accounting for insurance contracts and requires that insurance liabilities are measured at their current settlement value. This ensures the more uniform measurement and presentation of all insurance contracts. The standard is effective for reporting periods from January 1, 2021. Endorsement by the EU is still pending.

The effect of the amendments to the above Standards and Interpretations on the consolidated financial statements of Bitcoin Group is currently under review/not yet finalized, hence reliable statements on possible changes are not possible at this time, unless stated otherwise.

2.3 CHANGES IN ACCOUNTING POLICIES

The IFRS Interpretations Committee published a statement ("Holdings of cryptocurrencies") on the measurement of cryptocurrencies in March 2019. The IFRS Interpretations Committee concluded that IFRS 9 (Financial Instruments) is not applicable to cryptocurrencies. Instead, cryptocurrencies satisfy the definitions of IAS 38 (Intangible Assets). Cryptocurrencies were previously recognized as financial instruments in Bitcoin's consolidated financial statements. Management has now resolved to comply with the established opinion of the IFRS Interpretations Committee and the international accounting community, and has amended its accounting for cryptocurrencies in the interim consolidated financial statements as of June 30, 2019 in order to provide reliable and relevant information on the financial position and financial performance of the Group. In accordance with IAS 8.22, changes in accounting methods must be implemented retrospectively, hence comparative figures (in particular those for intangible assets and revenue) for prior periods must also be restated. In accordance with IAS 1.10(f), the consolidated statement of financial position also includes the opening balance for January 1, 2017.

3. ACCOUNTING POLICIES

The interim consolidated financial statements are based on the same uniform accounting policies as in the preceding fiscal years.

3.1 CURRENCY TRANSLATION

Transactions in foreign currencies are translated according to the functional currency concept in accordance with IAS 21 at the rates at the time of the initial posting of transactions. Exchange rate gains or losses are recognized in profit or loss.

3.2 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Purchased software and cryptocurrencies (see note 2.3. for details) are recognized as intangible assets.

Purchased intangible assets are carried at cost less straight-line amortization given a standard useful life or according to use assuming a standard useful life. They are only capitalized if it is sufficiently likely that the economic benefits will flow to the company and the cost of the asset can be reliably determined.

The following criteria are mainly considered when estimating the useful life:

- expected use of the asset in the company;
- publicly available information on the estimated useful life of comparable assets;
- technical, technological and other forms of obsolescence.

The amortization period for purchased software is three years.

Purchased domains and cryptocurrencies have indefinite useful lives. These intangible assets with indefinite useful lives are subject to at least one impairment test per year in accordance with the requirements of IAS 36 and the indefinite nature of the useful life must be reviewed at least once per year.

Property, plant and equipment are measured at cost less straight-line depreciation and impairment. Property, plant and equipment are depreciated using the straight-line method over their useful life. The depreciation period is based on the expected useful life. The Group recognizes depreciation based on the following useful lives that are unchanged compared to the previous year:

Other equipment	**Useful life in years**
Operating and office equipment	2 to 20

The residual carrying amounts and useful lives are reviewed at the end of each reporting period and adjusted as necessary.

3.3 GOODWILL

Goodwill is tested for impairment on the basis of cash-generating units in accordance with IAS 36 once per year, or more frequently if there are indications of impairment. The impairment test is based on the value in use of the relevant cash-generating unit. The basis for this is the current cash flow planning prepared by management and the assumption of perpetual annuity for the years after the detailed planning period. Detailed planning of future cash flows based on cash flow before interest and taxes less maintenance and replacement investments is prepared for a time horizon of three years. The cash flows calculated are discounted to determine the value in use of the cash-generating unit. The value in use is compared against the associated carrying amount. If this is less than the carrying amount of the cash-generating unit, goodwill impairment is recognized in profit or loss.

3.4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents recognized in the statement of financial position comprise cash in hand and bank balances with an original term of less than three months. For the purposes of the statement of cash flows, cash includes the cash and cash equivalents as defined above and short-term deposits. They are measured at amortized cost.

3.5 FINANCIAL INSTRUMENTS

On recognition, financial assets as defined by IFRS 9 are classified as either:

- financial assets at amortized cost;
- financial assets at fair value through other comprehensive income (FVOCI);
- financial assets at fair value through profit or loss (FVTPL).

A financial asset is measured at amortized cost if both of the following conditions are met and it was not designated as FVTPL:

- It is held as part of a business model whose objective is to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is designated as FVOCI if both of the following conditions are met and it was not designated as FVTPL:

- It is held as part of a business model whose objective is to hold financial assets in order to collect contractual cash flows and to sell financial assets.
- Its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

When recognizing an equity investment that is not held for trading for the first time, the Group can irrevocably elect to show subsequent amendments in the fair value of the investment in other comprehensive income. This choice is made on a case-by-case basis for each investment. All financial assets not measured at amortized cost or FVOCI are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group can irrevocably decide to designate financial assets that otherwise satisfy the conditions for measurement at amortized cost or FVOCI as FVTPL if this eliminates or significantly reduces accounting mismatches that would otherwise occur.

Financial assets are measured at fair value on first-time recognition. Items not measured at FVTPL also include transaction costs that are directly attributable to their acquisition or issue. Financial assets are not reclassified after initial recognition unless the Group amends its business model for managing financial assets. In such event, all affected financial assets are reclassified on the first day of the reporting period after the change in business model.

Purchases and sales of financial assets are recognized as of the settlement date, i.e. the date on which the company commits to purchasing or selling the asset.

The subsequent measurement of financial assets and the treatment of their gains and losses are described below:

- Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, exchange rate gains or losses and impairment losses are recognized in the income statement. Gains and losses on derecognition are recognized in profit or loss.

- Net gains on financial assets that are debt instruments measured at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, exchange rate gains or losses and impairment losses are recognized in the income statement. Cumulative other comprehensive income is reclassified to profit or loss on derecognition.

- Net gains on financial assets that are equity instruments measured at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss, unless the dividends clearly cover part of the costs. Other net gains and losses are recognized in other comprehensive income and never reclassified to the income statement.

- Financial assets measured at FVTPL are subsequently measured at this value. Net gains and losses, including interest or dividend income, are recognized in the income statement.

Financial assets are derecognized when the contractual rights to cash flows from them expire or if the company transfers the ownership rights to the financial asset and the risks and rewards.

Impairment

Financial assets are subject to the impairment model of IFRS 9.5.5, whereby the Group recognizes an impairment loss for these assets on the basis of the expected credit loss. Expected credit losses result from the difference between contractually agreed cash flows and expected cash flows, measured at present value using the original effective interest rate. Where applicable, expected cash flows also include revenue from the sale of collateral and other credit enhancements that are integral to the contract in question.

Expected credit losses are recognized in three stages. For financial assets for which the default risk has not increased significantly since initial recognition, the impairment loss is measured at the amount of the 12-month expected credit loss (stage 1). If the default risk has increased significantly, the expected credit loss is calculated for the remaining term of the asset (stage 2). The Group assumes that the credit risk has increased significantly if payment is 30 days past due. This principle can be overruled in an individual case if reliable and reasonable information indicates that the credit risk has not increased. If there is objective evidence of impairment, the underlying assets are to be allocated to stage 3. Objective evidence of impairment is assumed if payment is more than 90 days past due unless, in an individual case, reliable and reasonable information indicates that a longer period is more suitable. Refusal to pay and other similar circumstances are also considered objective evidence.

The class of assets relevant to the Group for applying the impairment model are trade receivables, to which the Group applies the simplified approach in accordance with IFRS 9.5.15. The loss allowance is then measured at an amount equal to lifetime expected credit losses.

For financial assets measured as debt instruments at fair value through other comprehensive income, the Group considers all suitable and reliable information available without incurring undue costs or requiring an unreasonable amount of time in order to assess a potential significant increase in expected credit risk. The related probability of default is essentially used for this. Rating information is used to determine the probability of default. The Group only holds instruments with a very low default risk.

For other assets covered by the amended impairment model under IFRS 9 and subject to the general approach, expected losses are measured by combining financial assets on the basis of joint credit risk characteristics and using individual default information. The calculation is always based on the current probabilities of default as of the respective date.

The Group assumes default if contractual payments are more than 90 days past due. In some cases, internal or external information is also used that indicates contractual payments will not be made in full. Financial assets are derecognized if there is no reasonable expectation of future payment.

The Group had no derivative financial instruments in either the reporting year or the previous year.

3.6 EQUITY

Please see the statement of changes in equity and the notes to the statement of financial position for information on the composition and development of equity. Please see note 4.3 for further information.

3.7 LIABILITIES

The company measures financial liabilities such as trade payables and other liabilities (not including deferred items or tax liabilities) at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and the recognition of interest expense over the corresponding period. The effective interest rate is the rate with which the estimated future cash outflows (including fees paid or received as components of the effective interest rate, transaction costs and other premiums or discounts) are discounted to net carrying amount over the likely term of the financial liability on first-time recognition. Interest expense is recognized on the basis of the effective interest rate.

The company derecognizes financial liabilities when its obligations from the liability are met, canceled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid or outstanding is reported in the income statement.

3.8 PROVISIONS

Provisions are recognized in accordance with IAS 37 regulations when the company has present obligations arising from past events that are expected to result in an outflow of economic resources. It must also be possible to estimate the amount of the obligation reliably. The provision is recognized at the best estimate of the amount of the present obligation as of the end of the reporting period. If the effect of the time value of money is material, the provision is discounted using the market interest rate.

3.9 REVENUE RECOGNITION

The Group primarily operates a marketplace for cryptocurrencies. It offers market participants a marketplace where they can trade these cryptocurrencies with each other. The Group acts as an agent between market participants and charges commission for the transactions they perform, typically between 0.8% and 1.0% of the respective transaction volume.

Revenue is recognized in accordance with IFRS 15. Revenue is measured at the fair value of the consideration received or yet to be received for services by Group companies in the normal course of business.

Revenue is reported without VAT, discounts or price reductions. Revenue and other operating income are recognized after service is rendered by the company. In order to recognize revenue, it must be possible to reliably determine its amount and it must be probable that the economic benefits associated with the transaction will flow to the company.

Depending on the economic substance of the underlying contracts, revenue from commission is recognized at a point in time.

Interest income from a financial asset is recognized when it is probable that the economic benefits from the principal amount outstanding and the effective interest rate applied will be available to the company on time. The effective interest rate is the rate with which the estimated future cash flows are discounted to the net carrying amount of the financial asset over its expected term.

3.10 LEASES

All leases and subleases not disqualified by IFRS 16.3 et seq. must be classified. If an arrangement is classified as a lease, in accordance with IFRS 16.22 et seq. a right-of-use asset is recognized at cost under non-current assets and a lease liability is recognized at the present value of future lease payments under non-current liabilities. The present value of the lease liabilities is calculated by discounting the lease payments using the underlying interest rate. If the underlying interest rate for the lease cannot be determined, the lessee’s incremental borrowing rate is used. Right-of-use assets are subsequently measured using the cost model. In accordance with IFRS 16.36, lease liabilities are increased to reflect interest on the lease liability and reduced to reflect the lease payments made. Changes to lease payments result in the remeasurement of the lease liability.

In accordance with the exemptions under IFRS 16.5 et seq., short-term leases and leases for which the underlying asset is of low value are not recognized as such, and are instead expensed on a straight-line basis.

There are no material leases that must be recognized as such as of June 30, 2019.

3.11 INCOME TAXES AND DEFERRED TAXES

Income taxes are calculated in accordance with IAS 12. All tax liabilities and receivables in relation to income taxes arising in the course of the fiscal year are therefore included in the interim consolidated financial statements.

Deferred taxes are recognized on the basis of the asset and liability method when future tax effects are to be expected which are due either to temporary differences between the IFRS carrying amounts of existing assets and liabilities and their tax carrying amounts or to existing loss carryforwards and tax credit. Deferred tax assets must be tested for impairment in each fiscal year. Deferred tax assets and liabilities are calculated using the tax rates that are expected to apply to taxable income in the years in which these temporary differences are reversed or offset based on current tax legislation. Current tax and deferred tax are recognized outside profit or loss if the tax relates to items that are recognized, in the same or a different period, outside profit or loss. The effect of changes in tax rates on deferred tax assets and liabilities is reported in profit or loss in the period in which the amendments are resolved by lawmakers or in the period to which a legal amendment already resolved is set to apply.

3.12 BUSINESS SEGMENTS

A business segment is a part of a company that performs business activities with which income is generated and from which expenses are incurred, including income and expenses in relation to transactions with another part of the company.

The results of a business segment are regularly reviewed by the enterprise's chief operating decision maker on the basis of the independent financial information available to make decisions about the resources to be allocated to the segment and to assess its performance.

The Group has only one business segment. There is therefore no separate presentation of information for different segments.

4. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

4.1 ASSETS

4.1.1 PROPERTY, PLANT AND EQUIPMENT, GOODWILL AND INTANGIBLE ASSETS

All figures in EUR	Property, plant and equipment	Goodwill	Intangible assets (other)	Intangible assets (crypto-currencies)	Total
Cost					
As of January 1, 2019	134,224.09	3,882,225.95	61,115.57	10,029,172.05	14,106,737.66
Additions	0.00	0.00	0.00	1,016,452.88	1,016,452.88
Disposals	0.00	0.00	0.00	-191,689.90	-191,689.90
As of June 30, 2019	134,224.09	3,882,225.95	61,115.57	10,853,935.03	14,931,500.64
Depreciation and amortization, remeasurement					
As of January 1, 2019	-95,211.09	0.00	-1,784.00	3,071,807.86	2,974,812.77
Depreciation and amortization	-6,934.47	0.00	0.00	3,004,072.07	2,997,137.60
Remeasurement in other comprehensive income	0.00	0.00	0.00	25,236,946.51	25,236,946.51
As of June 30, 2019	-102,145.56	0.00	-1,784.00	31,312,826.44	31,208,896.88
Carrying amounts					
As of June 30, 2019	**32,078.53**	**3,882,225.95**	**59,331.57**	**42,166,761.47**	**46,140,397.52**

Cost					
As of January 1, 2018	123,558.70	3,882,225.95	61,115.57	4,788,949.45	8,855,849.67
Additions	10,665.39	0.00	0.00	5,352,138.46	5,362,803.85
Disposals	0.00	0.00	0.00	-111,915.86	-111,915.86
As of December 31, 2018	134,224.09	3,882,225.95	61,115.57	10,029,172.05	14,106,737.66
Depreciation and amortization, remeasu-rement					
As of January 1, 2018	-67,599.70	0.00	-1,784.00	36,693,667.96	36,624,284.26
Depreciation and amortization	-27,611.39	0.00	0.00	-6,196,909.08	-6,224,520.47
Remeasurement in other comprehensive income	0.00	0.00	0.00	-27,424,951.02	-27,424,951.02
As of December 31, 2018	-95,211.09	0.00	-1,784.00	3,071,807.86	2,974,812.77
Carrying amounts					
As of December 31, 2018	**39,013.00**	**3,882,225.95**	**59,331.57**	**13,100,979.91**	**17,081,550.43**

Goodwill

The goodwill results as a positive difference from the first-time consolidation of Bitcoin Deutschland AG on October 24, 2014.

Intangible assets (cryptocurrencies)

Cryptocurrencies are remeasured as of the reporting date.

4.1.2 OTHER NON-CURRENT FINANCIAL ASSETS

Other non-current financial assets relate to payments for the acquisition of Sineus and futurum.

It is not necessary to consolidate the Sineus acquisition as it is not controlled. The investment is thus measured at fair value through other comprehensive income in accordance with IFRS 9. As of the reporting date, the futurum acquisition is still subject to the condition precedent of approval by BaFin. At the time of preparing the interim consolidated financial statements, Bitcoin Group SE still does not control the company and therefore it is still not included in consolidation.

Other non-current financial assets are equity instruments for which expected credit losses are negligible as of the reporting date on account of their fair value measurement close to the end of the reporting period.

4.2 CURRENT ASSETS

4.2.1 TRADE RECEIVABLES FROM THIRD PARTIES

All trade receivables in the first half of 2019 and the previous years have a remaining term of up to one year.

The Group did not receive any collateral for trade receivables in the first half of 2019. As of the end of the reporting period there were no indications that the receivables might not be settled on maturity.

The maximum credit risk of the receivables is the carrying amount of the receivables. There are no receivables past due.

4.2.2 RECEIVABLES FROM RELATED PARTIES

There were receivables from related parties of EUR 10 thousand as of June 30, 2019 (December 31, 2018: EUR 137 thousand).

The figures recognized for all receivables from related companies are equal to their fair value. They are neither impaired nor past due. The maximum credit risk of the receivables from related parties is the carrying amount of the receivables.

4.2.3 OTHER NON-FINANCIAL ASSETS (CURRENT)

This item amounts to EUR 20 thousand as of June 30, 2019 (December 31, 2018: EUR 11 thousand) and mainly includes VAT receivables (EUR 18 thousand) and prepayments for services (EUR 2 thousand).

4.2.4 INCOME TAX ASSETS

This item included corporation tax and trade tax assets in the previous year.

4.2.5 CASH AND CASH EQUIVALENTS

The item exclusively contains bank balances; there was no restricted cash in the first half of 2019 or the prior fiscal year.

4.3 EQUITY

The issued capital of Bitcoin Group SE is the fully paid-in share capital of EUR 5,000,000. The share capital is divided into 5,000,000 bearer shares. The share capital of EUR 300,000 was increased to EUR 5,000,000 by way of the contribution of Bitcoin Deutschland AG shares as of October 24, 2014. The majority shareholder Priority AG transferred shares in Bitcoin Deutschland AG by way of non-cash contribution against subscription of 4,700,000 new shares, each representing EUR 1 of the company's share capital. All shares have the same rights.

The development of equity is shown in the statement of changes in equity.

The Board of Directors is authorized to increase the share capital by up to EUR 500,000 against cash or non-cash contributions by issuing new no-par value bearer shares until November 18, 2019 (Authorized Capital).

4.4 LIABILITIES

4.4.1 TRADE PAYABLES TO THIRD PARTIES

Trade payables do not bear interest and generally mature between 30 and 90 days.

4.4.2 OTHER FINANCIAL LIABILITIES (LIABILITIES TO RELATED PARTIES)

There were liabilities to Priority AG and BitPayment.de GmbH of EUR 1 thousand as of June 30, 2019 (December 31, 2018: EUR 38 thousand).

4.4.3 OTHER NON-FINANCIAL LIABILITIES

Other non-financial liabilities break down as shown in the table:

All figures in EUR	June 30, **2019**	December 31, **2018**
Accurals	218,650.00	209,500.00
Liabilities to staff	155,183.00	117,683.00
Accurals for accounting and audit	60,500.00	81,300.00
Wage and church tax liabilities, includung social security contributions	26,359.84	15,811.94
VAT liabilities	5,697.91	19,372.70
Other non-financial liabilities	**466,390.75**	**443,667.64**

4.4.4 INCOME TAX LIABILITIES

Income tax liabilities relate to corporation tax and trade tax.

4.4.5 DEFERRED TAX LIABILITIES

Deferred tax liabilities were recognized for temporary differences resulting from the remeasurement of crypto-currencies. The effect is recognized in other comprehensive income at EUR 10,352 thousand (December 31, 2018:

EUR 2,781 thousand). Deferred taxes on measurement adjustments were calculated using the tax rates applicable in Germany. As all matters in connection with deferred taxes arose in Germany, an average tax rate of 30% is assumed for the fiscal year.

5. NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

5.1 REVENUE

The Bitcoin Group generates its revenue from consulting and brokerage services for cryptocurrency transactions.

Further information on revenue recognition can be found in note 3.9.

All revenue was generated in Germany.

5.2 OTHER OPERATING INCOME

The following table shows the composition and development of other operating income:

All figures in EUR	January 1 - June 30, **2019**	January 1 - June 30, **2018**
Income from offsetting employees' non-cash remuneration	9,775.97	5,606.22
Income from the reversal of provisions	7,500.00	0.00
Miscellaneous other operating income	0.00	416,341.69
Other operating income	**17,275.97**	**421,947.91**

5.3 COST OF MATERIALS

The cost of materials essentially relates to external services provided by Fidor Bank AG, Munich.

5.4 STAFF COSTS

The following table shows the composition and development of staff costs:

All figures in EUR	January 1 - June 30, **2019**	January 1 - June 30, **2018**
Wages and salaries	428,429.01	366,279.06
Social security contributions	60,714.08	57,761.05
Total	**489,143.09**	**424,040.11**

Social security contributions in the reporting year comprise statutory and voluntary social security expenses and employer's liability insurance contributions.

The following table shows the number of employees at the company:

Average number of employees	2019	2018
Employees	13	12
Total	**13**	**12**

5.5 DEPRECIATION AND AMORTIZATION

The amortization of intangible assets and depreciation of property, plant and equipment are shown in the company's statement of changes in non-current assets.

5.6 OTHER OPERATING EXPENSES

Other operating expenses break down as shown in the table:

All figures in EUR	January 1 - June 30, **2019**	January 1 - June 30, **2018**
Insurance premiums, fees, duties	205,248.18	65,292.92
Foreign works	123,479.06	141,190.85
Advertising and travel expenses	103,747.92	291,817.84
Legal, consulting and auditing costs	53,020.74	56,818.28
Administration	32,527.89	11,795.05
Fleet	14,485.85	7,104.90
IT costs	12,792.96	20,270.72
Postage and telephones costs	7,571.78	17,557.89
Costs of money transactions	5,415.79	7,732.91
Network fees	4,391.92	25,674.02
Training costs	1,793.87	9,252.60
Annual General Meeting	0.00	34,289.39
Remuneration supervisory board	0.00	11,725.00
Miscellaneous expenses	185,352.85	73,575.88
Other operating expenses	**749,828.81**	**774,098.25**

5.7 INCOME TAXES

Income taxes break down as shown in the table:

All figures in EUR	January 1 - June 30, **2019**	January 1 - June 30, **2018**
Current tax expense		
Taxes on income and profit	1,373,946.63	1,551,563.00
Deferred tax expense		
Recognition/reversal of temporary differences through other comprehensive income	7,571,083.96	-5,682,384.24
Income tax expense/benefit	**8,945,030.59**	**-4,130,821.24**

6. STATEMENT OF CASH FLOWS

The statement of cash flows breaks down the cash flows according to inflows and outflows from operating, investing and financing activities, regardless of the structure of the statement of financial position. Cash flow from operating activities is derived indirectly from earnings before interest and taxes. Earnings before taxes are adjusted for non-cash expenses (essentially depreciation and amortization) and income. The cash flow from operating activities results taking into account the changes in working capital.

The “Cash and cash equivalents” items consists of cash and cash equivalents.

Interest paid amounts to EUR 0 thousand (previous year: EUR 2 thousand).

7. RELATED PARTY DISCLOSURES

Priority AG is Bitcoin Group SE's parent company and has significant influence.

Accounting services in the amount of EUR 2 thousand were purchased from Priority AG in the first half of 2019. Server hosting services in the amount of EUR 12 thousand were purchased from softjury GmbH, a subsidiary of Priority AG. Priority AG provided coaching services in the amount of EUR 1 thousand. Services in the amount of EUR 1 thousand were purchased from Coupling GmbH, a subsidiary of Priority AG. Priority AG made use of training services in the amount of EUR 2 thousand.

8. KEY CONTRACTS OF THE GROUP

Agreement with Fidor Bank AG on investment/contract broking bound by contract dated June 28, 2013

Fidor Bank AG, Munich, provides the Group subsidiary Bitcoin Deutschland AG with the opportunity to sell or buy bitcoins to or from other customers on its own Internet platform www.bitcoin.de ("broking activities"). It is the legal opinion of the German Federal Financial Supervisory Authority (BaFin) that bitcoins are financial instruments in the form of units of account as defined by section 1(11) sentence 1 KWG. The services performed by the broker in accordance with the above are therefore considered a financial service for which a permit is required in the form of contract broking (section 1(1a) sentence 2 no. 1 KWG) or investment broking (section 1(1a) sentence 2 no. 2 KWG).

The subsidiary does not yet have this permit.

Bitcoin Deutschland AG receives the commission owed by customers in the form of bitcoins or other cryptocurrencies on behalf of Fidor Bank AG. As consideration for the services contractually owed by Fidor, Fidor Bank AG receives monthly flat-rate remuneration from the Group which is reported here under "Cost of materials". The Group receives 100% of the commission received for the transactions brokered from Fidor Bank AG.

9. CLASSIFICATION OF FINANCIAL INSTRUMENTS AND FAIR VALUE

The financial assets and liabilities break down in accordance with the measurement categories of IFRS 9 for the fiscal years ended June 30, 2019 and December 31, 2018 as follows:

All figures in EUR
Non-current financial assets
Other non-current financial assets
Current financial assets
Trade receivables from third parties
Other financial assets (receivables from related parties)
Cash and cash equivalents
Current financial liabilities
Trade payables to third parties
Other financial liabilities (liabilities to related parties)

All figures in EUR	Carrying amounts	
Summary per category	June 30, **2019**	**December 31, 2018**
Financial assets at amortized cost	2,833,766	2,692,966
Financial assets at fair value through other comprehensive income (FVTOCI)	3,675,829	3,675,829
Financial liabilities at amortized cost (FLAC)	116,190	125,684

Categories according to	Carrying amount	Fair value		Carrying amount	Fair value	
IFRS 9	June 30, **2019**	June 30, **2019**	Hierarchy	December 31, **2018**	December 31, **2018**	Hierarchy
FVTOCI	3,675,829	3,675,829	Level 2	3,675,829	3,675,829	Level 2
Amortized cost	2,104	2,104		2,149	2,149	
Amortized cost	9,500	9,500		137,111	137,111	
Amortized cost	2,822,162	2,822,162		2,553,706	2,553,706	
FLAC	115,211	115,211		87,950	87,950	
FLAC	979	979		37,733	37,733	

Fair value is the price that would be paid for the sale of an asset or for the transfer of a liability in an orderly transaction between market participants on the principal market at the measurement date under current market conditions (e.g. a disposal price), regardless of whether the price is directly observable or estimated using other measurement methods.

A measurement hierarchy (fair value hierarchy) was established in accordance with IFRS 13 "Fair Value Measurement". The measurement hierarchy divides the inputs used in measuring fair value into three levels:

- Level 1: Inputs are quoted prices (unadjusted) on active markets for identical assets or liabilities that are accessible on the measurement date.
- Level 2: Inputs are inputs other than quoted prices in Level 1 that are either directly observable or can be indirectly derived for the asset or liability.
- Level 3: Inputs are unobservable inputs for the asset or liability.

Using this, the Group determines whether there have been any transfers between the hierarchy levels as of the end of the respective reporting period.

The fair value of financial instruments is calculated on the basis of current parameters such as interest and exchange rates as of the reporting date, the use of accepted models such as the discounted cash flow (DC) method and taking credit risk into account.

The carrying amount is a reasonable approximation of fair value for financial instruments due in the short term.

10. MANAGEMENT OF THE RISKS OF FINANCIAL INSTRUMENTS

The financial instruments in the Group essentially include receivables, liabilities and bank balances.

Risks refer to unexpected events and possible developments that have a negative impact on the achievement of planned objectives. Risks that have a high potential impact on the achievement of the company's objectives in terms of its financial position and financial performance are particularly important.

The Group has a solvent customer base. So far there have been no defaults thanks to automated retention of 1% of the purchase price when selling cryptocurrencies. This is retained automatically in accordance with the advance payment principle. Liabilities are paid within the agreed periods. The objective of the Group's financial and risk management is to protect the company against financial risks of all kinds. The company employs a conservative risk policy in the management of its financial positions. The company has adequate receivables management to minimize the risks of default.

A default of 5%, based on June 30, 2019, would have an earnings effect of EUR 105 (December 31, 2018: EUR 107).

Risk of default

The risk of default is the risk of a full or partial default by a partner. The maximum default risk to the Group of an item is its capitalized amount and thus its carrying amount.

If individual default risks are discernible for individual items, these are recognized as impairment losses. There were no discernible risks of default for the reporting year. No impairment losses were required.

Interest risk

The Group sees interest rate risk as the risk of a change in the value of assets or liabilities as a result of the interest rate as a parameter relevant to measurement. The Group has hardly any interest-bearing assets or liabilities. The possible impact of interest rate changes on the Group is therefore highly limited.

Liquidity risk

Liquidity risk is the risk of being unable to meet current or future payment obligations, or of only being granted less favorable conditions. The Group companies essentially generate cash and cash equivalents from operating activities.

The probability of significant remaining liquidity risks is considered very low.

Currency risk

In the event of investments outside the euro area, currency fluctuations can have a negative or positive effect on the value of equity investments. Exchange rates are monitored regularly. The currency risk is classified as immaterial as most investments are made in the euro area.

Market risk

The market risk to the company lies in the falling number of cryptocurrency transactions. Cryptocurrency trading is subject to several risks and uncertainties as cryptocurrencies are still relatively new. Cryptocurrency trading volumes have achieved steady growth over recent years. The Group tracks the trading volume. Any risk is monitored on an ongoing basis.

11. MANAGEMENT OF ECONOMIC CAPITAL

The primary objective of Bitcoin Group SE's capital management is to ensure the financial resources to achieve the company's objectives. The Group's capital structure, and in particular its share of debt, is monitored by the Group depending on its financial position and financial performance. There were no financial liabilities in either the reporting year or the previous year.

12. EVENTS AFTER THE END OF THE REPORTING PERIOD

The acquisition of 100% of shares in futurum Bank GmbH (formerly: Tremmel Wertpapierhandelsbank GmbH) was approved by BaFin on July 10, 2019. futurum must therefore be consolidated from the date of approval (date from which it satisfies the criteria for consolidation).

13. EXECUTIVE BODIES OF BITCOIN GROUP SE

The management of a European company (SE) can consist of a management board and supervisory board or, as in English-speaking jurisdictions, a board of directors with executive and non-executive managers. Bitcoin Group SE has opted for the second variant. All payments to the Board of Directors must be made at short notice.

Directors of the company	June 30, **2019**
Managing Directors	Michael Nowak
	Marco Bodewein

Mr. Michael Nowak and Mr. Marco Bodewein are entered in the commercial register as Managing Directors.

Board of Directors as of June 30, 2019

The following persons were members of the Board of Directors in the past fiscal year:

- Martin Rubensdörffer (lawyer), Remscheid
- Prof. Dr. Rainer Hofmann (university professor), Ludwigshafen
- Alexander Müller, computer science graduate, publicly appointed and sworn IT expert, member of the German Bundestag

The remuneration of the above members of the Board of Directors amounted to EUR 11.7 thousand in the reporting year.

Board of Directors as of June 30, 2018

- Martin Rubensdörffer, lawyer (Chairman)
- Prof. Rainer Hofmann, university professor (Deputy Chairman)
- Alexander Müller, computer science graduate, publicly appointed and sworn IT expert, member of the German Bundestag

The remuneration of the above members of the Board of Directors amounted to EUR 12 thousand in the first half of 2018.

14. FEE FOR SERVICES BY THE AUDITOR OF THE CONSOLIDATED FINANCIAL STATEMENTS

All figures in EUR thousand	June 30, **2019**	December 31, **2018**
Audits of financial statements (separate and consolidated financial statements)	12	23
Tax advisory services	0	0
Other assurance and valuation services	0	0
Other services	0	0
Total	**12**	**23**

15. DECLARATION BY BITCOIN GROUP SE'S

BOARD OF DIRECTORS IN ACCORDANCE WITH ARTICLE 9(1) C) II) OF THE SE REGULATION IN CONJUNCTION WITH SECTION 161 AKTG ON THE GERMAN CORPORATE GOVERNANCE CODE

The Board of Directors of a European company (SE) listed in Germany is legally required in accordance with section 22(6) SEAG in conjunction with section 161 AktG to declare once per year whether the officially published recommendations of the Government Commission for the German Corporate Governance Code (GCGC) applicable at the time of the declaration have been and are complied with. Companies are also required to declare which recommendations of the Code have not been or are not applied and why. The full text of the declaration of compliance by the Board of Directors of Bitcoin Group SE has been made permanently available on the company's website at www.bitcoingroup.com.

Herford, September 16, 2019

Michael Nowak, Managing Director	Marco Bodewein, Managing Director

RESPONSIBILITY STATEMENT

To the best of our knowledge and in accordance with the applicable accounting principles, the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Herford, September, 2019

Michael Nowak,
Managing Director

Marco Bodewein,
Managing Director

PUBLISHING INFORMATION

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This is a translation of the German “Halbjahresbericht 2019“ of Bitcoin Group SE. Sole authoritative and universally valid version is the German language document.

The annual half-year report of Bitcoin Group SE is available on the Internet at www.bitcoingroup.com.

In addition to the employees of Bitcoin Group SE, the following participated in the preparation of this annual report:

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Managing Directors: Michael Nowak, Marco Bodewein

Chairman of the Board of Directors: Martin Rubensdörffer

Commercial register: HRB 14745, Bad Oeynhausen Local Court

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